

Charles L. Philbrick, Esq.
Page 8 of 8

CAMPOS&STRATIS

MWRA City Engineer Costs	\$160,000
Haley & Aldrich	24,000
Trailing Costs	<u>80,000</u>
Total	<u>\$264,000</u>

Since these amounts are estimates of future costs, I have not reviewed any supporting documentation to date.

SUMMARY

As discussed above, I reviewed the claim prepared by Insituform, along with the supporting documentation produced. In my opinion, the claimed costs are adequately supported by documentation. However, as stated above, there are some claimed costs which appear to be fixed in nature. The reparation project would not result in any incremental charges for the fixed costs.

My opinion is based on a reasonable degree of accounting certainty and upon over 50 years of education, experience and training, the last 45 of which I have been a Certified Public Accountant and have virtually limited my practice to the evaluation of property insurance claims on behalf of insurance companies and insureds. I reserve the right to amend this report should additional information or documentation be made available to me.

I have been compensated for my services rendered in this assignment at an hourly rate of \$300. My compensation is not contingent on the outcome of this litigation. A copy of my Curriculum Vitae and cases in which I have testified either at trial or in deposition during the last four years are attached.

Very truly yours,

CAMPOS & STRATIS

Chris Campos

Chris Campos

CAMPOS&STRATIS

Schedule 1

SUMMARY OF CLAIMED REPAIR COSTS

Re: Insituform Technologies, Inc.

	Phase 1		Phase 2		Total
	Section	Amount	Section	Amount	
Payroll & Burden					
Field Gross Payroll Report	A-1	\$ 514,240.87	E-1	\$ 190,604.44	\$ 704,845.31
Wetout Gross Payroll	A-4	24,996.59			24,996.59
Labor - Burden and Benefits	A-1 & A-4	213,196.48	E-1	65,908.36	279,104.84
Equipment Burden	A-1 & A-4	417,832.49	E-1	109,479.00	527,311.49
Materials - Tube, Resin and Freight	C-1	395,074.52	G-1	106,427.65	501,502.17
Subcontractor and Third Party Invoices					
Equipment Rentals	D-1	984.38	H-1	35,992.60	36,976.98
Per Diem and Lodging	D-2	66,452.49	H-2	19,988.22	86,440.71
Expendable and Supplies	D-3	92,966.81	H-3	28,849.54	121,810.35
Miscellaneous Expenses	D-4	200,950.60	H-4	157,642.67	358,593.27
Independent Testing Services	D-5	9,925.00	H-5	550.00	10,475.00
Field Office Expense	D-6	1,077.98			1,077.98
Air Travel	D-7	8,998.68	H-6	1,813.81	10,812.49
Meals	D-8	1,332.92	H-7	1,117.27	2,450.19
Subcontractor and Consultants	D-9	3,327,123.85	H-8	1,140,777.83	4,467,901.68
Subtotal		\$ 5,275,153.66		\$ 1,859,145.39	\$ 7,134,299.05
Close-out Costs			I	264,000.00	264,000.00
Total		\$ 5,275,153.66		\$ 2,123,145.39	\$ 7,398,299.05

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

INSITUFORM TECHNOLOGIES, INC.,

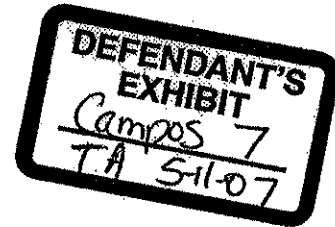
Plaintiff,

v.

AMERICAN HOME ASSURANCE COMPANY,

Defendant.

Case No. 04 10487 GAO



AFFIDAVIT OF CHRIS CAMPOS

I, Chris Campos, being duly sworn do hereby depose and state:

1. I am a principal with the accounting firm of Campos & Stratis. I have been retained by Insituform Technologies, Inc. to render expert opinion on the value of Insituform's recoverable damages in this case. The statements in this affidavit and in my report are based on personal knowledge or my investigation and are true and correct to the best of my understanding.

2. My credentials as an expert in this area are set forth in my CV, which is attached to the report I prepared in this case. For the past forty five years as a certified public accountant, I have virtually limited my practice to the evaluation of insurance claims on behalf of insurance companies and insureds. A true and correct copy of my report is attached as Exhibit A to this Affidavit.

3. Insituform submitted the MWRA claim to both its primary carrier, Liberty Mutual, and its excess carrier, American Home. Liberty Mutual acknowledged coverage and paid Insituform its policy limit of \$1,000,000.

4. Assuming that the American Home policy provides coverage for the MWRA claim, and as explained and qualified in my report, the total amount of recoverable loss is

\$7,398,299.05, which is Insituform's actual cost to remove and replace the installed pipe.

American Home's share of the recoverable loss is \$6,398,299.05, as explained and qualified in my report. The opinions in my report are based on a reasonable degree of accounting certainty.

Signed under the pains and penalties of perjury this 6th day of September 2006.

By: Chris Campos
CHRIS CAMPOS

Signed and Sworn to before
me this 6 day of September, 2006

Carol Salesky
Notary Public

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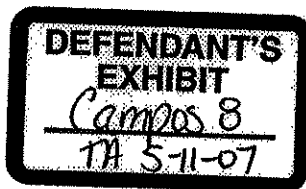
CAROL SALESKY
Notary Public
State of New Jersey
Commission Expires Dec. 12, 2008

Holland & Knight

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Chicago, IL 60603-5517
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December 12, 2006



CHARLES L. PHILBRICK
312 715 5834
charles.philbrick@hklaw.com

Kurt M. Mullen
Nixon Peabody LLP
100 Summer Street
Boston, MA 02110

Re: *Insituform Technologies, Inc. v. American Home Assurance Company*
Case No. 04 10487 GAO

Dear Kurt:

Enclosed are the following: document marked I00158-63 which is Mr. Mangels' notes from his July 25, 2006 telephone conference with Mr. Campos, among others; additional payment backup for payments to D'Allessandro marked I00164-97; and a copy of Mr. Mangels errata sheet for his deposition transcript.

If you have any comments or questions, please do not hesitate to contact me.

Yours very truly,

A handwritten signature in cursive script that reads "Charles L. Philbrick".

Charles L. Philbrick

CLP/aer

Enclosures

cc: Stan Martin (w/encl.)

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Annapolis • Atlanta • Bethesda • Boston • Chicago • Fort Lauderdale • Jacksonville • Lakeland • Los Angeles
Miami • New York • Northern Virginia • Orlando • Portland • Rancho Santa Fe • Sacramento
San Francisco • Tallahassee • Tampa • Washington, D.C. • West Palm Beach
Beijing • Caracas* • Helsinki* • Mexico City • Tel Aviv* • Tokyo • *Representative Office

EBBS Claim meeting - 7/25/06

Phillbrick	Kelley
Camper	Campanile
Megan	Mangels

WHO

Camper - Insituform expert witness in regard to damages

Heggemann - pulled all material cost info

Gall - compilation of package

Pozio; Savoir - detail info from job site

subcontract cost makes up 60% of claim

EBBS - East Boston Branch Sewer work

Liberty Mutual - Elaine Sweeney } adjusters
 Maria Rau }

→ did not have contact with forensic accountants

~~Ex~~

- * Nick - send ~~Greg A.~~ also Liberty Mutual submission documentation on EBBS project to Greg
- * Nick - check email to see if Pozio was copied on all EBBS emails

Nick - no dealings with AIG

WHEN

- ~~Q1~~ Q1 of 2004 was when Nick first started documenting Phase 1 of the claim

WHERE

- most documentation is in St Louis
- contract info in Charlton

Campoz

- * ↳ AIG will have issues with payroll burden
 - ↳ equipment burden
 - fixed cost is included in the calculation
- * ↳ material cost at standard; what is difference between actual and standard
- * need to get a copy of Campoz's May 22 report

Breaker and Reimer
11200 Rockville Pike
Suite 502
Rockville, MD 20852
301-945-4300

Nick Campanelli
19202 Aria Ct
Brooksville, MD 20833

AIG may ask for Nick's deposition in Aug/Sept 06

Nick - met with Campos at his office on Phase I;
answered questions on documentation before
submission to ~~Liberty Mutual~~ AIG

Nick did not have any dealings with AIG, D'Allesandro, Jacob
or MWRA; very little contact with FWC (done at
a higher level with controller & CFO)

WHAT

Phase 1 -

- A/P pulled all invoices charged to 160214 (incl subcontract)
- Payroll - worked with IT dept to pull out applicable data on each burden component
- Material - worked with J. Keggemann on pulling applicable material costs
- Equipment -

* need to submit a supplement when final invoices have been processed (Jacobs & misc invoices)

Phase 2

→ same methods; changes in charging of W/C & GL and wet-out accounting

ncamp@aoi.com

Discussions with Nick - 7/25

Payroll

- understand ~~the~~ prevailing wage calculations
- look at an example of incentive stipend
- how do certified payrolls tie into other payroll reports
- ~~the~~ pay type 101 - separate line item in reports

Nick

→ send

1. 4 binders of claim detail - Phase 1 & 2
2. files for Liberty submission - 3 binders
3. Greg's box of documentation
4. support documents

→ go through email

- create CD of all emails for EBBS ^{received} _{sent} all in one file
- create CD of all excel & word documents

↳

password → the end 1

* → D'Allesandro - need to reconcile actual payments versus the invoices in the package
 total claim is \$2,650,884.49 → need the checks to support payment

TO DO:

1. receive documentation from Nick
2. receive computer from Nick
 - ↳ copy applicable files
3. record final transaction with D'Allessandro
4. make copies of all the check stubs to D'Allessandro
5. get copies of checks for phase 2 work

final jacob's invoice - \$153K

- sent to MWRA
- MWRA will deduct from D'Allesandro retention
- D'Allesandro will send us notification of deduction
- we will forward \$84K to D'Allesandro; less \$70K in retention

**CAMPOS & STRATIS**

a professional association
CERTIFIED PUBLIC ACCOUNTANTS

July 22, 2005

Charles L. Philbrick, Esq.
Holland & Knight LLP
131 South Dearborn Street, 30th Floor
Chicago, IL 60603

310 Cedar Lane
Teaneck, New Jersey 07666

201/692-0300
Fax: 201/692-0722
212/285-1010

Re: Insituform Technologies, Inc. v. American Home Assurance Co.
Case No. 04 10487 GAO
Our File No. 17051

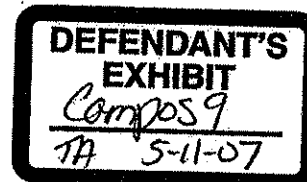
Dear Mr. Philbrick:

This letter will serve as an update to my letter to you of June 13, 2005.

You have requested that I analyze the claim prepared by Insituform Technologies, Inc. (Insituform), along with the supporting documentation produced to date, and state my findings thereon. Specifically you have requested that I identify which areas of the claim have been supported and which require further documentation.

I have reviewed the detailed claim schedules of incurred costs totaling \$6,654,922, as well as the supporting documents (invoices, etc.) produced to date. The claim components, which have been supported, are set forth below, totaling \$4,664,820. The remaining items require further documentation.

Subcontractors and Consultants	\$	3,327,104
Tube & Resin		394,825
Direct Field Payroll (A)		383,548
Miscellaneous		200,951
Equipment Burden		194,143
Per Diem & Lodging		66,223
Expendables and Supplies		43,453
Wetout Payroll		24,997
Independent Testing Services		9,925
Air Travel		8,999
Close-out Costs		7,330
Meals		1,333
Field Office Expense		1,005
Equipment Rentals		984
Total	\$	<u>4,664,820</u>



(A) Represents 75% of Direct Field Payroll. Additional information is needed to document remaining amount.

Charles L. Philbrick, Esq.
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In addition to the claimed incurred costs of \$6,654,922, there are estimated costs of remaining remediation totaling \$3,045,336 as follows:

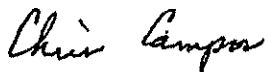
Subcontractor and third-party costs	\$ 1,990,110
ITI Labor	<u>434,907</u>
Subtotal	\$ 2,425,017
Area and Corporate Overhead	<u>620,319</u>
Total	<u>\$ 3,045,336</u>

Since these amounts are estimates of future costs, I have not reviewed any supporting documentation to date. However, it is my opinion that, assuming the estimates are accurate, the \$1,990,110 of subcontractor and third-party costs and a portion of the \$434,907 of ITI Labor will be recoverable. I understand that the \$434,907 of ITI Labor includes both direct labor and overhead. I have not been provided with the details of the overhead calculation. However, it is the fixed portion of the overhead that will not be recoverable.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

CAMPOS & STRATIS



Chris Campos

chris campos

From: Bob Kelley [BKelley@instuform.com]
Sent: Wednesday, February 22, 2006 4:02 PM
To: ccampos@campos-stralis.com
Cc: charles.philbrick@hklaw.com; Nick Campanile
Subject: Collection of Documentable costs for Boston Project

Attorney Client Privilege

Dear Mr. Campos:

We have completed second rework installation in Boston and nearly all of the costs (invoices) are now in hand.

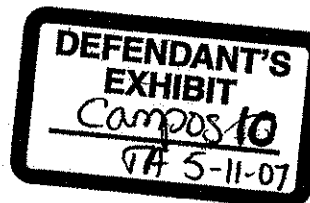
Nick Campanile and others in the accounting group have assembled and organized the documentable costs for both the 2004 and 2005 rework claims, including explanations of how the payroll was compiled and the effect of prevailing wage requirements under Davis Bacon with respect to calculating employee wages and overtime.

Under the overall supervision of claims counsel, Charles Philbrick, we will forward directly the assembled data on Friday for delivery early next week and would request your services in reviewing the claim and its format prior to forwarding to AIG.

While we believe that with your tutelage from last year the claim is now both better organized and justifiable than last time around, we nonetheless would request a complete review as well as review for format - i.e., is this something that the reviewer can quickly understand for purpose of adjusting the claim?

We appreciate your assistance in this effort.

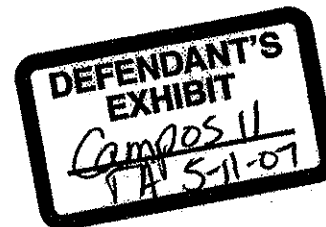
Bob Kelley
Tel: 636.530.8734
Cell: 314.565.1213



EQUIPMENT BURDEN

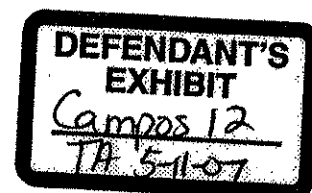
Re: Insituform

Parts & Supplies	\$ 608,237
Depreciation	259,793
Equipment - Lease/Rental	414,410
Taxes/Licenses/Insurance	143,230
Other Costs	<u>70,092</u>
Total	<u>\$ 1,495,762</u>
Fixed	
Depreciation	\$ 259,793
Equipment - Lease/Rental	393,626
Taxes/Licenses/Insurance	<u>143,230</u>
Total - Fixed	<u>\$ 796,649</u>
Fixed as a % of Total	<u>53.26%</u>
Variable as a % of Total	<u>46.74%</u>
Equipment Burden of \$527,311.49 @ 53.26%	<u>\$ 280,846.10</u>



SUMMARY OF FRINGE BENEFITS

Re: Insituform Technologies, Inc.



	Phase I Field Labor	Phase I Wetout Labor	Phase II Field Labor	Total
Contribution to Union Dues	\$ -	\$ 14.40	\$ -	\$ 14.40
Contribution to Union, Pension, Health & Welfare, Training , etc.	244.44	5,452.64	-	5,697.08
401K Matching	6,584.37	-	2,687.49	9,271.86
Employer Portion of Medical Plans	19,196.63	34.29	8,231.08	27,462.00
Employer Portion of Life Insurance	1,546.31	-	420.22	1,966.53
Employer Portion of Dependent Life Insurance	50.32	-	-	50.32
Employer Portion of Long Term Disability Insurance	1,307.13	-	812.70	2,119.83
Auto - Company Car	-	-	-	-
Vacation Accrual	24,075.77	928.15	9,230.01	34,233.93
Holiday Accrual	14,939.41	132.54	5,767.01	20,838.96
Training Accrual	3,670.66	241.34	1,395.99	5,307.99
Safety Accrual	6,038.57	261.81	2,313.01	8,613.39
Misc./Bereavement Accrual	1,223.38	53.06	464.05	1,740.49
Total	<u>\$ 78,876.99</u>	<u>\$ 7,118.23</u>	<u>\$ 31,321.56</u>	<u>\$ 117,316.78</u>



**Insituform
Technologies, Inc.**

Worldwide Pipeline
Rehabilitation

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April 20, 2006

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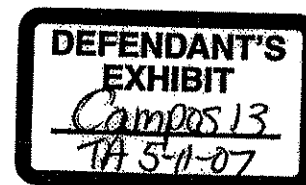
312.263.3600

Stan Martin, Esq.
Holland & Knight
101 St. James Place, Suite 900
Boston, MA 01116

617.523-2100

Mr. Chris Campos, COA
Campos & Stratis
310 Cedar Lane
Teaneck, NJ 07666

(201) 692-0300



**Privileged Confidential Communication
Attorney's Summary Prepared with respect to Pending Litigation**

Dear All:

Enclosed for each of you is a set of binders with the accumulated costs in hand to date. There will be some continued trailing costs, but we will have to supplement our responses later for that.

I will call Chris Campos to explain a couple of details which did not address some of his concerns.

Insituform did a better job for the 2005 rework by keeping records of hours of use and in any case most equipment was rented for that rework effort. Thus the 2005 equipment costs should be reasonably representative.

Stan, we have sent 2 duplicates to you, one for you and one for AIG.

Best Regards,


Bob Kelley

